

Message Text

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DRAFTED BY EUR/SE:EJMARCOIT:CSR
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TO AMEMBASSY ANKARA PRIORITY
AMEMBASSY PARIS PRIORITY
INFO AMEMBASSY ATHENS
AMEMBASSY LONDON
AMEMBASSY BONN

C O N F I D E N T I A L STATE 160766

FOR OECD

E.O. 11652: GDS

TAGS: EFIN, TU

SUBJECT: TURKISH AMBASSADOR CALL ON UNDERSECRETARY COOPER

1. TURKISH AMBASSADOR ESENBEL CALLED AT HIS REQUEST ON UNDERSECRETARY COOPER ON JUNE 23. OTHERS PRESENT WERE JOSEPH WINDER (EB/OMA), MICHAEL ELY (DIRECTOR-DESIGNATE OF EB/OMA), STEPHAN CANNER (E) AND EDWARD MARCOTT (EUR/SE).
2. ESENBEL SAID GOT MOST INTERESTED THAT AT JUNE 27 OECD CONSORTIUM MEETING, USG AND OTHER MEMBERS BE RESPONSIVE TO CONFIDENTIAL

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GOT REQUEST FOR HELP ON BALANCE OF PAYMENTS "GAP" FOR 1978. ESENBEL ALSO ASKED EXPEDITIOUS USG ACTION ON PRESENTATION OF DRAFT BILATERAL DEBT RESCHEDULING AGREEMENT, AND THAT EXIM BANK RESUME LENDING/GUARANTEE ACTIVITY AS SOON AS POSSIBLE. AS A FINAL ITEM, ESENBEL SAID GOT STILL ATTACHES IMPORTANCE TO RESCHEDULING OF NON-GUARANTEED TRADE ARREARS.

3. COOPER SAID US WOULD EXPEDITE DRAFTING OF BILATERAL DEBT RESCHEDULING AGREEMENT. WINDER NOTED THAT CERTAIN TECHNICAL ISSUES ON CALCULATION OF INTEREST RATE HAD DELAYED THE PROCESS, BUT WE HOPED THEY WOULD BE RESOLVED SOON.

4. COOPER REMINDED ESENBEL THAT WE HAVE REPEATEDLY SAID WE CANNOT REFINANCE PRIVATE TRADE DEBT. WE WISH TO BE

HELPFUL IN IDENTIFYING THE CREDITORS AND FACILITATING DISCUSSIONS BETWEEN THEM AND GOT, AS WE CONSIDER THIS IMPORTANT AND A PARALLEL TO THE OFFICIAL DEBT RESCHEDULING.

5. COOPER NOTED EXIM FINDS IT AWKWARD TO RESCHEDULE SOME LOANS AND AT THE SAME TIME CONTRACT NEW OBLIGATIONS. EXIM NEEDS "REASONABLE ASSURANCE OF REPAYMENT", BUT HAS NOT RULED OUT CONSIDERING NEW INSURANCE AND GUARANTY ACTIVITIES AS IMPROVING ECONOMIC CONDITIONS WARRANT, PARTICULARLY FOR EQUIPMENT WHICH WOULD HELP IN GENERATING FOREIGN EXCHANGE EARNINGS.

6. IN A FOLLOW-UP EXCHANGE ON THIS ISSUE, COOPER EMPHASIZED THAT NEW EXIM ACTIVITIES AT THIS TIME WOULD NOT BE POSSIBLE. ESENBEL MADE THE POINT THAT IF ALL WESTERN GOVERNMENTS WAIT TO SEE ECONOMIC IMPROVEMENT, IMPROVEMENT MAY NEVER COME, SINCE IMPORT GAP WILL BE UNFINANCEABLE AND CONFIDENTIAL

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SERIOUS DAMAGE TO ECONOMY WILL RESULT. IN RESPONSE TO COOPER'S REMINDER THAT THE DEBT RESCHEDULING PROVIDED SUBSTANTIAL RELIEF, ESENBEL ARGUED THAT THE DEBT RELIEF WOULD NOT FINANCE THE IMPORT GAP, AND ADDITIONAL HELP IS NEEDED. WHILE NOTING THAT USG HAS ASKED CONGRESS FOR A DOLS 50 MILLION SSA LOAN, COOPER URGED THAT GOT IMPROVE ITS EXPORT PERFORMANCE, AS WELL AS TRY TO IMPROVE REMITTANCES. WINDER MENTIONED EXPORTS OF COMMODITY STOCKS AS A POSSIBLE QUICK SOURCE OF FOREIGN EXCHANGE, EVEN IF IT CAUSED A LOSS IN LIRA TERMS. IN THIS CONTEXT, ESENBEL WAS REMINDED OF CONTINENTAL GRAIN'S POSSIBLE ASSISTANCE IN SELLING WHEAT STOCKS, AS PART OF A SETTLEMENT OF THEIR PROBLEM. ESENBEL RESPONSE WAS NON-COMMITTAL ON SUBJECT OF STOCKS.

7. ESENBEL TOOK EVERY OPPORTUNITY TO REPEAT THAT PAST ACTIONS OF GOT AND FUTURE POSSIBILITIES WOULD BE JEOPARDIZED IF BALANCE OF PAYMENTS GAP NOT FINANCED, AND THAT THERE IS A LIMIT TO WHAT CAN BE DONE ON EXPORTS AND IMPORTS. US SIDE ATTEMPTED TO EXPRESS OUR INTEREST AND CONCERN, BUT ALSO TO CLEARLY REMIND ESENBEL OF THE CONSTRAINTS WE FACE, AND OF THE IMPORTANCE OF CONTINUED GOT EFFORT.

8. WHILE ESCORTING ESENBEL, EUR OFFICER TOOK OPPORTUNITY
TO EXPLAIN THAT ELY WOULD BE REPLACING WINDER IN EB/OMA, AND
FOR THAT REASON WOULD BE US DELEGATE TO JUNE 27 MEETING.
VANCE

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